

VZCZCXRO8452
PP RUEHCHI RUEHDBU RUEHDT RUEHFL RUEHHM RUEHKW RUEHLA RUEHNN RUEHROV
RUEHSR
DE RUEHMO #5429/01 3201510
ZNY CCCCC ZZH
P 161510Z NOV 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 5311
INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 005429

SIPDIS

SIPDIS

E.O. 12958: DECL: 11/15/2017

TAGS: [PREL](#) [ETRD](#) [ENRG](#) [CH](#) [RS](#)

SUBJECT: CHINESE PREMIER WEN VISITS MOSCOW; FOCUS ON
ECONOMICS AND ENERGY

REF: MOSCOW 5154

Classified By: Ambassador William J. Burns: Reasons 1.4 (b/d).

1. (C) Summary. Chinese Premier Wen Jiabao arrived in Moscow November 5-6 to close the "Year of China" in Russia. His visit focused on trade and economic cooperation. (SBU) Chinese Premier Wen Jiabao visited Moscow November 5-6, concluding a four-nation tour that included Uzbekistan, Turkmenistan, and Belarus. Economic Focus of Wen Visit -----

3. (C) Kupik gave an upbeat assessment of the economic success of the visit, noting that trade was at \$33 billion in 2006, and the GOR expects it to reach \$100 billion by 2010.

4. (C) While the range of agreements, joint statements, and MOUs signed during Wen's visit appears impressive, Chinese Embassy Economic and Commercial Affairs Officer (ECCO) said the Russians are not serious about energy cooperation.

5. (C) Although our Chinese Embassy contacts described the Wen visit in positive terms, they expressed frustration with the Russians on a number of issues. Energy is Key -----

6. (SBU) Beyond diplomatic visits and agreements, energy is MOSCOW 00005429 002 OF 003 critical to the Russia-China economic relationship, particularly in the context of the "Year of China."

7. (SBU) Although the press focused on the lack of an intergovernmental agreement on ESPO during Wen's visit, Transneft tells us it is unnecessary to reach an agreement at this time.

8. (C) Gas shipments to China are at present non-existent, but should surge once proposed pipelines come online, early in the next decade, and then decline as China's domestic production increases.

9. (SBU) Meanwhile, the two countries are engaged in a "great game" over energy in Central Asia. China sees Turkmenistan and Kazakhstan as necessary partners in its energy strategy.

10. (SBU) Russia and China pledged to strengthen civil nuclear energy ties by agreeing to build two new nuclear reactors in China and to enlarge cooperation in the field of nuclear energy. Weapons Deals Less Important -----

11. (C) Chinese first secretary Li confirmed that the number of weapons deals between Russia and China are on the decline, as the Chinese military modernization program shifts focus to high-tech weapons. Close of the "Year of China" -----

12. (C) Wen's visit celebrated the official end of the "Year of China" in Russia. More than 200 cultural events -- 50 of them considered major -- took place during the visit. Comment -----

13. (C) In contrast to statements by Chinese Embassy officials, who downplayed the economic significance of these recent discussions, MFA and the State News Service (SNC) emphasized the importance of the visit.